

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
APRIL 19, 2005
MINUTES**

MEMBERS PRESENT:

Ned Sickel, Chairman
John Holdsworth, Vice Chairman
Jerry Gleason, Commissioner
Tom Morrow, Commissioner
Sally Shaffer, Commissioner

ABSENT: Margaret Dunn, Commissioner
Gordon Zuckerman, Commissioner

STAFF: Brad Gessner
Jennifer Greenfield
Lee Guillory
Kathy Montalvo
Kathy O'Connor
Dave Roderique

OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:

Michael Benson
Brent DeRaad
Wayne Ecton, Councilman
Genia Kehayes
Rachel Sacco

Students of Scottsdale Unified School District:

Marina Craigmile	Jessie Kornegay
Jessica Doonan	Erin O'Connell
Erin Holman	Franco Savittosat
Adam Hubbell	Janet Young
Kaleigh Kiliszewski	Nick Young

CALL TO ORDER

Vice Chairman Holdsworth called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:21 a.m.

ROLL CALL

A formal roll call confirmed members present as stated above, with the exception of Chairman Sickle, who joined the meeting at 8:24 a.m.

Kathy Montalvo introduced Davette Repola and Vicky Gotner of A-V Tronics while presenting a brief explanation of the new court reporting contract between the City of Scottsdale and A-V Tronics.

Ms. Montalvo stated that all future meetings will be recorded. The public speaking station was identified. Kathy requested that all persons wishing to speak at the meetings sign in and make certain that they are near a microphone before speaking.

APPROVAL OF MINUTES

A MOTION WAS MADE BY COMMISSIONER MORROW TO APPROVE THE MINUTES OF THE MARCH 15TH, 2005 MEETING AS PRESENTED. THE MOTION WAS SECONDED BY COMMISSIONER HOLDSWORTH AND PASSED UNANIMOUSLY.

INTRODUCTION OF GUESTS

Kathy O'Connor announced that the students in attendance are in the Tourism Development Program in conjunction with the Scottsdale Unified School District.

Ms. O'Connor recalled that the Tourism Development Commission voted and approved \$11,000 in support of this program, partnering with Scottsdale Unified School District, Scottsdale Community College and NAU to grow future employees in the tourism industry. The students are in attendance to observe the Tourism Development Commission's actions.

Chairman Sickle commended the students for attending the meeting.

TENNIS CHANNEL 2005 MEN'S TENNIS TOURNAMENT

Ms. O'Connor introduced Michael Benson, who is with sponsor IQ.

Michael Benson is serving as Director of Professional Tennis for the Tennis Channel. The Tennis Channel acquired the Arizona Men's Tennis Tournament from TMG this

year, starting the day after the event and will take over the operation of it, beginning with the 2006 event.

Mr. Benson presented a general background on the Tennis Channel, stating that the Tennis Channel is the fastest growing network in the country right now. The Tennis Channel shows on the majority of all of the Cox affiliates across the country. They have signed a deal with Comcast, the largest cable operator in the country. The CEO and Chairman is Ken Solomon. Mr. Solomon is a co-founder of DreamWorks Television and started Fine Living TV.

Mr. Benson stated that the Tennis channel is growing rapidly. The Tennis Channel is in the Valley on QWEST as well as some other setups through different satellite services and has full intent to work out a deal with Cox. The plan is to be in eight to ten million homes this year.

Mr. Benson reported that the Tennis Channel Open has been in Scottsdale for the past 14 plus years. IMG owned it for the past seven to eight years. The plan is to grow the event from a 32-person draw to a 48-person draw with the intent of bringing in name-players like Andre Aggassi. A woman's event is also being added to the program, as well as a legend's tournament. An A-list musical event with celebrities will kick-off the event this year.

Mr. Benson stated that the Tennis Channel bought this event because this was an important marketplace for them, noting the Cox relationship and the fact that this isn't just a resort/travel destination. People travel here to play tennis. Outside of Florida, this is a top destination in the country in terms of people playing tennis.

Mr. Benson addressed the location issue, reporting that the Princess Resort has other things on their agenda and this is not a good fit for them. He stated that they need to find a location and need to get a decision quickly, as the 2006 event is scheduled for February 25th through March 5th. Mr. Benson's group has met with the Governor's office and he reported that the Governor is in the process of forming a taskforce.

Mr. Benson reiterated that they want to keep this event in the Valley. He reported that the analysis done on the event indicated that it is a \$33 million economic impact. Additionally, one of the things IMG wants to do for the municipality and for the resort location is to create a 30-minute television show about the city that would run 100 times on the network throughout the year. They would also do the same thing for the resort and run that 50 times per year.

Chairman Sickel inquired as to why they would pick the first week of Spring Training Baseball to bring this event into town. Mr. Benson stated that when you acquire a sanctioned event from the ATP, you buy that week. You don't have a choice.

Commissioner Shaffer asked if there are sites in Scottsdale that are capable of handling this event. Mr. Benson indicated that there are about three sites available that exist:

1. The Scottsdale Athletic Club. Mr. Benson added that Mr. Hing's property on Indian Bend would provide a short-term solution for 2006; however, Mr. Hing is looking for a site fee as opposed to a partnership
2. Desert Highlands. However, they have grass courts and hard courts are needed. Additionally, the challenge with that site is the remoteness.
3. Scottsdale Ranch Park. They are planning some retrofit to that facility. Traffic flow and parking would be remote but could be done via shuttle.

Mr. Benson stated that John Austin and Tom Breeze are working closely with them to find a site for the event.

Vice Chairman Holdsworth stated that his particular concern is the Tennis Channel's ability to bring the major players for the tournament; having not seen any of the real stars for the past couple of years in the Valley. Mr. Holdsworth thinks that that's going to be the requirement to have a successful tournament. Mr. Holdsworth inquired of Mr. Benson's ability to bring the top players to the tournament.

Mr. Benson indicated that that would not change, and stated that the way they were going to promote this event is making it a fun place to go.

Vice Chairman Holdsworth asked Mr. Benson to give more information on the task force the Governor's office is putting together. Mr. Benson responded by stating that this was coming together slowly and he wasn't sure how it was going to work with finding a 2006 site, but they are pulling together a group of business owners through Ed Zitto (phonetic).

WESTWORLD MASTER PLAN UPDATE

Brad Gessner provided an update on the status of the WestWorld improvements, noting the various problems created by the rain this year.

Mr. Gessner stated that arenas seven and eight are going to be moved to just south of the Equidome. Arena six will be reconfigured so that there will be three brand new lighted arenas just to the south of the Equidome.

Mr. Gessner reported that negotiations continue with Barrett Jackson regarding a long-term commitment for his tent. The tent structure being purchased will go on a new pad being built at the facility. RV pedestals are going to be improved and reconfigured to maximize space for temporary barns.

Mr. Gessner further reported that the decision has been made not to cover the Wendell arena but to improve the drainage. He stated that the horse community came to them and

stated that that was one part of the master plan they didn't agree with and that because they like the view of the McDowell's and the sun, they would prefer that the focus be on

improving the drainage in that arena and covering two other arenas that were recommended in the master plan. The master plan recommended covering arenas three and four; however, the horse community recommended covering arenas 3 and 5A.

Additional improvements will be made to the west end of the permanent barns in order to accommodate more barns. An additional show office will also be built where new arenas 6, 7 and 8 will be constructed.

Mr. Gessner reported that Golf Expo has been booked at WestWorld. The expo will be held on the east side of the Polo field. The west Polo field will be used as a practice range for the clubs. This event is scheduled for the second weekend of December. This will be an annual event.

Mr. Gessner noted that additional asphalt will be added to the area surrounding the Polo fields to address the drainage problems and that summer projects include allowing Barrett Jackson to expand his tent, road improvements, and creation of more asphalt areas for parking.

Vice Chairman Holdsworth commended the short-term improvements made to WestWorld and inquired whether there would still be a parking issue in the short-term.

Mr. Gessner stated that with continued use of the 52 acres and the 17 acres of land that is being utilized for parking, which is currently owned by the State, and the shuttle system, there should be plenty of parking for events. Mr. Gessner noted, however, that the state land still had to be acquired.

Commissioner Morrow inquired as to when the auction for the land was going to be held. Mr. Gessner stated that it could be as early as next month, possibly June.

Chairman Sickle inquired about the timeline on the multi-use facility. Mr. Gessner reported on the changes that are being made to the facility plans, which are currently in the design process. Mr. Gessner expects a 12-month design process and 14-month construction process.

Chairman Sickle asked if the project was still in the \$80 million budget range the project started with. Mr. Gessner responded in the affirmative.

Mr. Benson asked if the City of Scottsdale has looked at naming rights for that facility or if they need a corporate sponsor. Mr. Gessner indicated that Financial Services oversees sponsorship opportunities, and that he has been working with them on possible opportunities.

BED-TAX PERFORMANCE

Ms. O'Connor noted that the numbers from the Fiesta Bowl Agreement extension from 2007 through 2010 have been added in order to give committee members an idea of the cash flow based on all of the other commitments that the Commission has talked about in relation to the budget.

MONTHLY UPDATES:

Bed Tax Report

Ms. O'Connor provided an overview of the Bed Tax Fund Collection Report, reporting that February receipts came in at 5% over last year's February receipts. The hotel/motel tax, retail sales and restaurant continue to show strong growth over last year as well. Bed tax overall collections year-to-date are up 9%; the tourism development portion of that is up 16 and one-half percent to the budgeted amount. When compared to 2003/04 it's actually 33% ahead of last year's tourism development dollar amount. Of that differential, \$587,000 is due to the increase between the two-thirds and the 80%. And the remaining amount of \$426,000 is due to the increase in the bed tax collections.

Smith Travel Research Lodging Report

Ms. O'Connor presented the highlights of the report, noting that occupancy was 2.2% ahead of last year to date, but the most significant thing is the 6.9% increase in the year-to-date average rate.

Project Status Updates

Ms. O'Connor reported that we are moving forward on the 5-year tourism development and marketing strategic plan. The responses to Phase I of the Request for Qualifications were received yesterday. Twelve responses were received. The Project Review Committee is meeting Friday to review those and select a short list of consultants who will be asked to submit a detailed proposal on the project.

FY 2005/06 MATCHING EVENT ADVERTISING PROGRAM/WORK STUDY FOLLOW-UP

Ms. O'Connor indicated that, per previous discussions by the TDC, staff is asking for approval from the Commission to move ahead with the Matching Event Advertising Fund program for FY '05/'06. Ms. O'Connor stated that the proposed program is substantively the same as the program that was used last year, noting that the objectives of the program are to advertise and promote Scottsdale's attractiveness to target up-scale resort visitors and to generate room nights in Scottsdale. The qualification criteria would be to support the tourism drivers through occupant exposure to the events.

Ms. O'Connor pointed out that in FY 2004/05 no more than ten percent of the matching advertising funds were allocated to any one event.

Vice Chairman Holdsworth indicated that he was okay with the ten percent cap but concerned if there are not enough applicants to sufficiently use the monies. He also pointed out inconsistencies noted on the draft he reviewed.

Ms. O'Connor addressed the noted inconsistencies, and pointed out that the draft does allude to the ten percent maximum of \$18,000; however, if the Commission approves the request for the \$180,000 today, the \$175,000 amount indicated in the draft would be changed. Ms. O'Connor also pointed out that this year would be the second year of the IRIS email communication. She further reported that as Mr. DeRaad has indicated, finalization of the FY '05/'06 CVB advertising opportunities would occur by the end of May in order to fit with the final application.

Vice Chairman Holdsworth asked if new channels had been looked at for directing some of the advertising. Mr. DeRaad discussed different opportunities for the events to participate in next year and indicated that the budget would be projected into buying more regional travel publications rather than a national basis.

A discussion was held to clarify the issue of placing a cap on the maximum amount of matched advertising, and the \$18,000 per event maximum was agreed upon.

A MOTION WAS MADE BY COMMISSIONER MORROW TO APPROVE THE USE OF THE FISCAL YEAR '05/'06 MATCHING EVENT ADVERTISING PROGRAM. THE MOTION WAS SECONDED BY COMMISSIONER HOLDSWORTH AND PASSED UNANIMOUSLY.

Ms. O'Connor directed attention to Attachment number 6 from the event work study session that was held on April 5th and requested concurrence from the Commission that this is the direction that the Commission wants to go in. The Commission agreed to place the topics of the signature event status and new event development on upcoming agendas for discussion and future action items.

Ms. O'Connor stated that the recruitment process for the Event Services Manager position will begin some time after City Council approves the budget in July.

DESTINATION MARKETING PLAN FISCAL YEAR 2005/06 SCOTTSDALE CONVENTION AND VISITOR'S BUREAU

Ms. O'Connor identified Attachment 7 as the Scottsdale Convention and Visitors Bureau Destination Marketing Plan for fiscal year '05/'06, and stated that the plan needs to have the Tourism Commission's approval before forwarding it to City Council.

Rachel Sacco stated that the information missing from the report should be updated within the next few weeks. Ms. Sacco invited questions from the Commission.

Chairman Sickel commented on the technology allocation. Ms. Sacco responded that the last technology implementation was over five years ago so the budget includes updating and upgrading the technology database that is used on a day-to-day basis.

Chairman Sickel inquired about the plan to increase the number of people on staff. Ms. Sacco indicated that there are some new positions this year which include the marketing area, and sales positions upgrades. Ms. Sacco further reported that they are looking at a compensation philosophy to ensure that they are retaining their high performers, whereupon a brief discussion of the compensation philosophy ensued.

A MOTION WAS MADE BY COMMISSIONER HOLDSWORTH TO APPROVE THE DESTINATION MARKETING PLAN. THE MOTION WAS SECONDED BY COMMISSIONER MORROW AND PASSED UNANIMOUSLY.

FIESTA BOWL 2007-2010

Ms. O'Connor stated that this draft proposal addresses a potential extension of the agreement for 2007 through 2010.

Brent DeRaad gave a synopsis of the current agreement and stated that they are looking for a new practice facility for the Fiesta Bowl.

Mr. DeRaad highlighted the terms of the financial part of the package of the new four year agreement.

A discussion was held reiterating the benefits to the City of Scottsdale through its relationship with the Fiesta Bowl. Mr. DeRaad continued, reporting an estimated bed-tax revenue of \$375,000 in the new four-year agreement. Mr. DeRaad stated that the new deal is very similar in scope, but noted several additional events in which the Fiesta Bowl has agreed to jointly sponsor as a result of the relationship being established with the Fiesta Bowl.

Vice Chairman Holdsworth inquired about the involvement of Paradise Valley. Mr. DeRaad stated that we receive \$500,000 annually in terms of their contribution into overall marketing funds.

Vice Chairman Holdsworth stated that this was an excellent program and commended Mr. DeRaad on his work.

A MOTION WAS MADE BY COMMISSIONER SHAFFER TO APPROVE \$375,000 IN BED-TAX FUNDS TO SUPPORT THE FISCAL YEAR '06/'07 THROUGH '09/'10 FIESTA BOWL AGREEMENT. THE MOTION WAS SECONDED BY COMMISSIONER MORROW AND PASSED UNANIMOUSLY.

SCOTTSDALE CONVENTION & VISITOR'S BUREAU UPDATE

Rachel Sacco reported that the Second Annual Forbes Invitation will be held this weekend. Also coming up is the 19th Annual Sunsational Scottsdale FAM Tour and the 4th Annual Bon Appetit Celebrity Chef Golf Challenge. The golf tournament will be played at the TPC. Mario Batali is the main celebrity chef.

Ms. Sacco stated that the town of Paradise Valley has agreed to invest \$50,000 in overage of bed-tax collections into the program this fiscal year.

PUBLIC COMMENT

Ms. O'Connor invited the attending students to introduce themselves, whereupon the students obliged.

Chairman Sickel addressed the students. Ms. O'Connor gave a brief overview of the high school tourism program.

Councilman Ecton gave a report on the dinner meeting that previously took place between the Scottsdale City Council and the Paradise Valley City Council. Councilman Ecton stated that Paradise Valley's support is full and complete and that it was a good session.

Councilman Ecton further reported on a meeting with the Mayor and Commissioner Holdsworth pertaining to the Tennis Channel issue.

A MOTION WAS MADE BY COMMISSIONER SHAFFER TO ADJOURN THE MEETING. THE MOTION WAS SECONDED BY COMMISSIONER HOLDSWORTH AND PASSED UNANIMOUSLY.

ADJOURNMENT

The meeting concluded at 9:52 a.m.